

City of San Bruno

San Bruno, California

Single Audit Report

For the year ended June 30, 2004

City of San Bruno
Single Audit Report
For the year ended June 30, 2004

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of City Council
of the City of San Bruno
San Bruno, California

We have audited the basic financial statements of the City of San Bruno (City) as of and for the year ended June 30, 2004, and have issued our report thereon dated February 22, 2005. We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the City Council, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson

Oakland, California
February 22, 2005

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor and Members of City Council
of the City of San Bruno
San Bruno, California

Compliance

We have audited the compliance of the City of San Bruno (City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The City's major federal programs are identified in the summary of the auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

To the Honorable Mayor and Members of City Council
of the City of San Bruno
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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the City as of and for the year ended June 30, 2004, and have issued our report thereon dated February 22, 2005. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as whole.

This report is intended for the information of the City Council, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Caporice & Carson

Oakland, California
February 22, 2005

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Schedule of Expenditures of Federal Awards
For the year ended June 30, 2004

Grantor Agency and Grant Title	Federal Catalog Number	Grant/State Pass-through Number	Program Expenditures
U.S. Department of Transportation:			
Federal Aviation Administration:			
Airport Improvement Program - Phase 10	20.106*	3-06-0221-AA	\$ 122,529
Airport Improvement Program - Phase 11	20.106*	3-06-0221-AB	376,776
Airport Improvement Program - Phase 12	20.106*	3-06-0221-AE	1,368,940
Airport Improvement Program - Phase 13	20.106*	3-06-0221-AI	155,102
Total Federal Aviation Administration			2,023,347
Pass-through State of California Department of Transportation			
Federal Highway Administration:			
El Camino Real / San Bruno Avenue	20.205	STPLN 5226 (002)	312
Sneath Signal Interconnect	20.205*	CML 5226 (008)	263,228
Upper Sneath Lane Paving	20.205*	STPL 5226 (011)	285,307
Lower Sneath Lane Paving	20.205	STPL 5226 (012)	51,114
Total Federal Highway Administration			599,961
Total U.S. Department of Transportation			2,623,308
U.S. Department of Health & Human Services:			
Pass-through County of San Mateo			
Area Agency on Aging:			
Congregate Nutrition	93.044	N/A	92,677
Total U.S. Department of Housing and Urban Development			92,677
Total Expenditures of Federal Awards			\$ 2,715,985

* Denotes as major program.

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Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2004

1. REPORTING ENTITY

The financial reporting entity consists of (a) the primary government, City of San Bruno, California (City), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

2. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all Federal financial assistance programs of the City. Federal financial assistance received directly from Federal agencies as well as funds passed through the state are included in the Schedule. The Schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the City.

3. MAJOR PROGRAM DESCRIPTIONS

The major programs of the City as of June 30, 2004 are described as follows:

U.S. Department of Transportation

Federal Aviation Administration Airport Improvement Program

As authorized by Public Law 103-272, 49 U.S.C., as amended, the object of the Airport Improvement Program is to assist sponsors, owners, or operators of public-use airports in the development of a nationwide system of airports adequate to meet the needs of civil aeronautics.

Pass-through State of California Department of Transportation

Sneath Signal Interconnect

This project links the signals along Sneath Lane from Rollingwood Drive to the Seabuiscut Lane (Tanforan/Towne Center) signalized intersection. This project allows for smoother flow of traffic along this corridor.

Upper Sneath Lane Paving

This project provides a structural asphalt pavement overlay on Sneath Lane from Skyline Drive (SR-35) to I-280. This project involves the use of TEA-21 Federal Funds in addition to Measure A funds for the local match.

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Schedule of Findings and Questioned Costs
For the year ended June 30, 2004

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the City of San Bruno.
2. No reportable conditions relating to the audit of the financial statements are reported in the basic financial statements.
3. No instances of noncompliance material to the financial statements of the City of San Bruno were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award program is reported in the basic financial statements.
5. The auditors' report on compliance for the major federal award program for the City of San Bruno expresses an unqualified opinion.
6. Audit findings relative to the major federal award program for the City of San Bruno are reported in Part C of this Schedule.
7. The programs tested as major programs include:

<u>Grant Title</u>	<u>CFDA #</u>	<u>Amount</u>
Airport Improvement Program	20.106	\$ 2,023,347
Sneath Signal Interconnect	20.205	263,228
Upper Sneath Lane Paving	20.205	285,307
Total Expenditures Tested		<u><u>\$ 2,571,882</u></u>
% Tested		95%

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of San Bruno was determined to be a high risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None